

Message Text

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11

ACTION EA-14

INFO OCT-01 ISO-00 SS-20 NSC-07 NSCE-00 L-03 HEW-08 AGR-20

AID-20 EB-11 IO-14 RSC-01 COME-00 TRSE-00 SWF-02

CIAE-00 INR-10 NSAE-00 DRC-01 /132 W

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R 210455Z MAR 74

FM USLO PEKING

TO SECSTATE WASHDC 1544

INFO AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 0488

E.O. 11652: GDS

TAGS: EAGR ETRD CH

SUBJ: TCK WHEAT SMUT PROBLEM

REF: PEKING 0461 AND PREVIOUS

1. CARGILL REPRESENTATIVE LANG AND DREYFUS REPRESENTATIVE MARQUOT SEPARATELY INFORMED USLO THIS MORNING (MARCH 22) THAT THEY HAVE BEEN INSTRUCTED BY THEIR COMPANIES TO INFORM CEROILFOOD THAT THEY WILL TAKE BACK THE TWO TCK SHIPMENTS WHICH HAVE BEEN HELD UP IN CHINESE PORTS. JUDGING FROM THEIR COMMENTS, THE DECISION TO ACCEPT CHINESE REJECTION OF THE SHIPMENTS RESULTS FROM A MEETING IN PARIS AMONG REPRESENTATIVES OF THE THREE FIRMS PRESENTLY INVOLVED IN WHEAT SHIPMENTS TO CHINA (DREFUS, CARGILL, AND COOK).

2. THE QUESTION OF WHETHER THE FIRMS WILL CONTINUE TO MAKE SHIPMENTS UNDER THEIR CONTRACTS REMAINS UNCLEAR. SPEAKING TO US AFTER MEETING THE CHINESE, LANG SAID HE DID NOT ADDRESS THIS QUESTION IN HIS DISCUSSION TODAY AND HE INDICATED TO US THAT HIS INSTRUCTIONS FROM PARIS ARE NOT SPECIFIC ON THIS POINT. LANG ALSO SAID THAT HE HEARD THAT COOK HAS DEFINITELY DECIDED TO CONTINUE SHIPMENTS. MARQUOT SPOKE TO US BEFORE HIS
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MEETING WITH CEROILFOODS TODAY, AND SAID HE IS SIMPLY

HOPING THAT THE MATTER OF FUTURE SHIPMENTS WILL NOT BE
RAISED.

3. AS USLO HAS REPORTED, THE CHINESE HAVE BEEN FIRM IN
THEIR REJECTION OF THE TWO SHIPMENTS AND IN THEIR
UNWILLINGNESS TO CLEAN THE SHIPMENTS AT THE COST OF THE
SHIPPERS, AS WAS DONE LAST OCTOBER. THUS CARGILL AND
DREYFUS MUST HAVE FELT THEY HAVE HAD NO ALTERNATIVE
BUT TO ACCEPT THE SHIPMENTS BACK. LANG IS HOPEFUL
THAT THIS MOVE BY CARGILL AND DREYFUS WILL BREAK THE
IMPASSE AND PERHAPS MAKE THE CHINESE MORE AMENABLE TO
THE PROPOSAL FOR AN EXCHANGE OF DELEGATIONS IN THE
HOPE OF FINDING SOME SOLUTION TO THE PROBLEM.

4. LANG HAS ALSO BEEN INFORMED BY THE CHINESE THAT
TCK SMUT HAS BEEN FOUND ON CARGILL'S SECOND SHIP,
SS IQUALBAKSH, WHICH IS PRESENTLY IN TSINGTAO.
JENKINS

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